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TO RUEHC/SECSTATE WASHDC 5004  
INFO RUCPCIM/CIMS NTDB WASHDC  
RUCPDOG/DEPT OF COMMERCE WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUCNCIS/CIS COLLECTIVE  
RUEHAK/AMEMBASSY ANKARA 1852  
RUEHBUL/AMEMBASSY KABUL 0172  
RUEHNE/AMEMBASSY NEW DELHI 0309  
RUEHAST/USOFFICE ASTANA

UNCLAS SECTION 01 OF 02 ALMATY 001444

SIPDIS

DEPT FOR SCA/CEN MUDGE  
DEPT PASS TO OPIC - BALLINGER  
DEPT PASS TO TDA FOR STEIN, EXIM FOR GLAZER  
DEPT PASS TO AID - EE-PHILLIPS/RUSHING  
TREASURY FOR OASIA/VELTRI  
USDOC FOR 4231/ITA/MAC/MLONDON, 4201/BISNIS  
USDOC FOR 6110/ITA/TD/BI/RHALPERN  
ANKARA FOR CFC

SIPDIS

E.O. 12958: N/A  
TAGS: [ECON](#) [EIND](#) [ENRG](#) [EPET](#) [EFIN](#) [KZ](#)  
SUBJECT: KAZAKHSTAN ECONOMIC AND ENERGY UPDATE; APRIL 2 -  
15, 2006

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¶1. Summary: This information is drawn primarily from the Kazakhstani local press, and has not been checked for accuracy. The opinions and policies expressed in this report are those of the authors, not the U.S. Government.

- Samruk Board of Directors Formed
- New Environmental Protection Minister Appointed
- Kazakhstani E-government Portal Launched
- Bank TuranAlem to Become More Transparent
- Kazakhtelecom to Strengthen Its Market Position
- TCO's General Director Changed
- Kurmangazy Operator Starts Drilling First Well
- Basell, KMG, SAT Sign MOU for Petrochemical Complex
- Russia-China Pipeline Might Go through Kazakhstan

Samruk Board of Directors Formed

¶2. On April 7, Prime-Minister Akhmetov signed a decree forming the Board of Directors of the National Holding Company Samruk. It names the following members: Deputy Minister of Economy and Budget Planning Bolat Palymbetov, Deputy Minister of Finance Askar Yelemessov, former Minister of Industry and Trade Sauat Mynbayev (named Samruk Executive Director), and current Halyk Bank Board Chair Alexander Pavlov (named Samruk Independent Director). Timur Kulibayev was appointed Deputy Executive Director. Kulibayev, 39, President Nazarbayev's son-in-law, resigned from the position of the First Vice-President of national oil company KazMunayGaz in late October 2005. (Interfax - Kazakhstan, April 12)

New Environmental Protection Minister Appointed

¶3. President Nazarbayev signed a decree on the appointment of Nurlan Iskakov as the Environmental Protection Minister of Kazakhstan. Prior to this, Iskakov worked in the

Presidential Administration and was Deputy Minister of Environment Protection. Former Minister Kamaltin Mukhamedzhanov held this position from January to March 2006 and was dismissed upon his own request. (Interfax - Kazakhstan, April 3)

#### Kazakh E-government Portal Launched

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¶4. The State Agency for Informatization and Communications launched an e-government web portal ([www.e.gov.kz](http://www.e.gov.kz)), the Agency's press service reported. The project was implemented within the framework of the State Program for Setting up E-government in 2005-2007. (Interfax - Kazakhstan, 13 April)

#### Bank TuranAlem to Become More Transparent

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¶5. Kazakhstan's Bank TuranAlem (BTA) and Financial Supervision Agency (FSA) signed a memorandum on Cooperation in Promoting Transparency of BTA Operations. "The memorandum is aimed to meet legislative requirements and to increase the level of public trust to the banking system," the bank's press release reads. Per this agreement, BTA "voluntarily assumes obligations to divulge information on the bank's owners, reveal the list of organizations controlled by the bank as well as information on representatives of shareholders and independent executive directors in the board, banks' development strategy and priorities." (Interfax - Kazakhstan, April 11)

#### Kazakhtelecom to Strengthen Its Market Position

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¶6. Kazakhtelecom shareholders approved transactions to acquire a 100% share of Mobile Telecom Service, an

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additional 50% share of Altel, and 54% of Nursat, in exchange for \$220 million, Kazakhtelecom announced. According to this information, Kazakhtelecom stockholders already approved the new company's charter and new internal corporate rules. Kazakhtelecom previously held 50% in Altel, while Wireless Technology Corporation owned the other 50%. After wrapping up the deal, Kazakhtelecom will become a 100% owner of Altel. (Interfax - Kazakhstan, April 7)

#### TCO's General Director Changed

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¶7. On April 1, Todd Levy was named new General Director of TengizChevrOil (TCO) TCO's press-service reported. Before this appointment, Levy was Chevron's Operations General Manager in the Gulf of Mexico. Earlier Levy took part in various projects in Angola, Australia and Australasia. TCO's former General Director Alexander Cornelius, will assume a position as Vice-President in one of Chevron's companies in the U.S. (Interfax - Kazakhstan, April 10)

#### Kurmangazy Operator Starts Drilling First Well

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¶8. On April 12, Kurmangazy Petroleum (a subsidiary of KazMunayTeniz, KazMunayGaz's subsidiary), the operator for the development of the Kurmangazy structure in the Caspian Sea, started drilling its first exploration, the press-release announced. According to the statement, Lukoil Shelf Limited is the drilling subcontractor. The work cycle to drill a well to a design depth of 2,000 meters lasts 78 days. Sea depth at the drilling site is about six meters. The project is being undertaken on a parity basis by KazMunayTeniz and RN-Kazakhstan, Rosneft subsidiary. Kurmangazy PSA was signed on July 6, 2005. (KazMunayTeniz/RN Kazakhstan press-release, April 12)

## Basell, KMG, SAT Sign MOU for Petrochemical Complex

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¶9. On March 27, Basell has signed a Memorandum of Understanding (MOU) with KazMunayGaz Exploration & Production (KazMunayGaz's operating subsidiary) and SAT&Company (privately owned conglomerate with industrial, commercial and service activities) confirming its intention to construct and operate a new petrochemical project in Kazakhstan. The project is expected to include an ethane extraction unit in Kulsary and an integrated petrochemical complex in Atyrau. The planned petrochemical complex includes an ethane cracker and polyethylene facilities, as well as a propane dehydrogenation unit and polypropylene facility. Start up is planned for 2010. In addition to providing technology, sales, and marketing services, Basell intends to participate directly as a shareholder in the project. (Basell press-release, March 31)

## Russia-China Pipeline Might Go through Kazakhstan

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¶10. On April 4, following discussions with Russian President Putin, Kazakhstan's President Nazarbayev announced that the two presidents had "discussed the possibility that Western Siberian oil would transit Kazakhstan for delivery to China. It is possible to develop a similar route for both a gas pipeline and electric power. All these tasks are solvable." (RIA News - Russia, April 4)

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